

**Gower Street Heat and Power
Limited**

Directors' report and financial
statements

Registered number 4070944

For the year ended
28 February 2007

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 February 2007

Principal activities

The principal activity of the company during the period continued to be that of the sale of heat and electricity to central London institutions

Results and dividends

The trading results for the year, and the financial position at the end of the year are shown in the attached financial statements. The directors have not recommended a dividend

Directors and directors' interests

The directors who held office during the period were as follows

P C Bono
P V Debatte
Baroness Maddock
G M Peck
S Woodward

No director had any beneficial interest in the share capital of the company nor in the shares of any other group companies. No rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period. Interests in the share capital of the ultimate parent company, IH International SA, are shown in the financial statements of that company

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

By order of the board



P V Debatte
Director

Garrett House
Manor Royal
Crawley
West Sussex
RH10 2PY

4 MAY 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditors' report to the members of Gower Street Heat and Power Limited

We have audited the financial statements of Gower Street Heat and Power Limited for the year ended 28 February 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the relevant information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Gower Street Heat and Power Limited (Continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

DMC LLP

4 May 2007

KPMG LLP

Chartered Accountants

Registered Auditor

Profit and loss account
for the year ended 28 February 2007

	<i>Note</i>	2007 £	2006 £
Turnover	<i>1</i>	3,579,424	3,384,937
Cost of sales		3,160,242	3,257,956
Gross profit		<u>419,182</u>	<u>126,981</u>
Administrative expenses		287,273	19,830
Operating profit		<u>131,909</u>	<u>107,151</u>
Interest receivable and similar income	<i>3</i>	1,013	-
Profit on ordinary activities before taxation	<i>2</i>	<u>132,922</u>	<u>107,151</u>
Tax on profit on ordinary activities	<i>4</i>	39,876	33,905
Retained profit for the period	<i>11</i>	<u><u>93,046</u></u>	<u><u>73,246</u></u>

Turnover and operating profit for the period arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

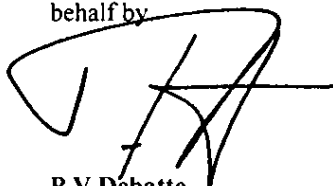
Balance sheet
at 28 February 2007

	<i>Note</i>	2007	2006
		£	£
Fixed assets			
Tangible assets	5	1 454 323	1 484 768
Current assets			
Stocks	6	30 631	30 321
Debtors	7	1 020 722	1 512 058
Cash at bank and in hand		358 043	589 131
		<u>1 409 396</u>	<u>2 131 510</u>
Creditors amounts falling due within one year	8	<u>1 009 589</u>	<u>1 830 362</u>
Net current assets		399 807	301 148
Total assets less current liabilities		<u>1 854 130</u>	<u>1 785 916</u>
Provisions for liabilities and charges	9	<u>419 616</u>	<u>444 448</u>
Net assets		<u>1 434 514</u>	<u>1 341 468</u>
Capital and reserves			
Called up share capital	10	101	101
Profit and loss account	11	1 434 413	1 341 367
Shareholders' funds	12	<u>1 434 514</u>	<u>1 341 468</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the board of directors on behalf by

4 MAY 2007 and were signed on its


P V Debatte
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size or group.

Fixed assets and depreciation

All fixed assets are initially recorded at cost.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	5% per annum straight line
Office equipment	-	33.3% per annum straight line and reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

Long-term contracts

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on a full provision undiscounted basis on all timing differences that have originated, but not reversed at the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts plus amounts recognised under long-term contracts.

Connection charges are normally recognised as turnover when invoiced, which is over the period that the connection is made. Capital expenditure relating to the connection is capitalised and depreciated over the life of the contract. Other expenditure relating to the connection is treated as a cost of sale matched to the period in which the connection charge is recognised.

2 Profit on ordinary activities before taxation

	2007 £	2006 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration: Audit	6,253	5,715
Other services	4,509	3,332
Depreciation and other amounts written off tangible fixed assets Owned	87,180	84,652
	<hr/>	<hr/>

Notes (continued)

3 Interest receivable and similar income

	2007 £	2006 £
Bank interest receivable	1,013	-
	<u>1,013</u>	<u>-</u>

4 Tax on profit on ordinary activities

Analysis of charge in period

	2007 £	2006 £
<i>UK corporation tax</i>		
Current tax on income for the year	64,708	57,213
Deferred tax (see note 9)	(24,832)	(23,308)
	<u>39,876</u>	<u>33,905</u>
Tax on profit on ordinary activities	<u>39,876</u>	<u>33,905</u>

Factors affecting the tax charge for the current year

The current tax charge for the period is higher (2006 higher) than the standard rate of corporation tax in the UK of 30%, (2006 30%) The differences are explained below

	2007 £	2006 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	132,922	107,151
	<u>132,922</u>	<u>107,151</u>
Current tax at 30% (2006 30%)	39,876	32,145
	<u>39,876</u>	<u>32,145</u>
<i>Effects of</i>		
Depreciation in excess of capital allowances for the year	24,832	25,068
	<u>24,832</u>	<u>25,068</u>
Total current tax	64,708	57,213
	<u>64,708</u>	<u>57,213</u>
<i>Deferred tax</i>		
Increase in deferred tax provision (note 9)		
Capital allowances	(24,832)	(23,308)
	<u>(24,832)</u>	<u>(23,308)</u>
Tax on profit on ordinary activities	<u>39,876</u>	<u>33,905</u>

Notes (continued)

5 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost			
At beginning of year	1,690,252	6,491	1,696,743
Additions	28,831	27,904	56,735
	<hr/>	<hr/>	<hr/>
At end of year	1,719,083	34,395	1,753,478
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	210,796	1,179	211,975
Charge for year	85,954	1,226	87,180
	<hr/>	<hr/>	<hr/>
At end of year	296,750	2,405	299,155
	<hr/>	<hr/>	<hr/>
Net book value			
At 28 February 2007	1,422,333	31,990	1,454,323
	<hr/>	<hr/>	<hr/>
At 28 February 2006	1,479,456	5,312	1,484,768
	<hr/>	<hr/>	<hr/>

6 Stocks

	2007 £	2006 £
Stocks of fuel	30,631	30,321
	<hr/>	<hr/>

7 Debtors

	2007 £	2006 £
Trade debtors	996,681	1,126,451
Amounts owed by group undertakings	706	43,223
Other debtors	23,335	342,384
	<hr/>	<hr/>
	1,020,722	1,512,058
	<hr/>	<hr/>

Notes (continued)

8 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	328,975	541,940
Amounts owed to group undertakings	96,416	530,610
Taxation and social security	121,922	57,227
Accruals and deferred income	462,276	700,585
	<u>1,009,589</u>	<u>1,830,362</u>

9 Provisions for liabilities and charges

	2007 £	2006 £
The movement in the deferred taxation provision during the year was		
At beginning of year	444,448	467,756
Charge to the profit and loss for the year	(24,832)	(23,308)
	<u>419,616</u>	<u>444,448</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Difference between accumulated depreciation and capital allowances	<u>419,616</u>	<u>444,448</u>

10 Called up share capital

	2007 £	2006 £
Authorised		
999 Ordinary shares of £1 each	999	999
1 Ordinary 'A' share of £1 each	1	1
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
1 Ordinary 'A' share of £1 each	1	1
	<u>101</u>	<u>101</u>

Notes (continued)

10 Called up share capital (continued)

The 'A' ordinary share is entitled to 30% of a special dividend amount to be declared in the first year of the company ending in the calendar year 2008, and on each fifth anniversary thereafter. The special dividend amount is to be equal to the sum by which the total cash and bank balances as shown in the balance sheet on the special dividend date exceed £400,000. On winding up, the 'A' ordinary share is entitled to receive the sum of £1 after the payment of the company's liabilities. The 'A' ordinary share has restricted voting rights.

11 Profit and loss account

	2007 £	2006 £
At beginning of year	1,341,367	1,268,121
Retained profit for the year	93,046	73,246
	<hr/>	<hr/>
At end of year	1,434,413	1,341,367
	<hr/>	<hr/>

12 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Equity shareholders' funds		
Profit for the financial year	93,046	73,246
Opening shareholders' funds	1,341,467	1,268,221
	<hr/>	<hr/>
Closing shareholders' funds	1,434,513	1,341,467
	<hr/>	<hr/>
Non-equity shareholders' funds		
Opening and closing shareholder's non-equity funds	1	1
	<hr/>	<hr/>
Total shareholders' funds	1,434,514	1,341,468
	<hr/>	<hr/>

13 Contingent liabilities

The company had a contingent liability at the balance sheet date in respect of Value Added Tax due to HM Customs and Excise by fellow group undertakings as a result of group registration for Value Added Tax purposes, the liability amounting to £95,778 (2006 £122,085).

Notes *(continued)*

14 Related party transactions

At the year end the company was owed £100 (2006 £100) by IDEX Energy UK Limited, a group company

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is jointly owned and controlled by IDEX SAS and Strasbourgeoise d'Exploitation de Chauffage SA, both of which are incorporated in France. These companies are subsidiaries of IH International SA, incorporated in Luxembourg.

The largest group in which the results of the company are consolidated is that headed by IH International SA, and accounts can be requested from 5 Rue Guillaume Kroll, L-1882, Luxembourg. The smallest group in which the results of the company are consolidated is that headed by Utilicom Group Limited, and accounts are available to the public and may be obtained from Companies House.